



April 9, 2009

Dear Legislator,

The Kansas Health Policy Authority would like to thank you for your work in the legislature this session. We are especially grateful for including funds to expand eligibility for the State Children's Health Insurance Program (SCHIP) to 250 percent of the 2008 federal poverty level. KHPA estimates this will eventually extend coverage to more than 9,000 additional uninsured Kansas children.

That's an important step toward improving access and coverage for all Kansans. And it comes at an important time as the economic downturn is making it harder for working families to afford private insurance. Since July, nearly 20,000 Kansas workers have lost their jobs while the unemployment rate has risen to more than 6 percent. During that same time, KHPA has seen a dramatic increase in applications for Medicaid and SCHIP. So far this year, the volume of applications is up about 9 percent, an average of 987 more per month.

That growth is now stretching KHPA's administrative resources to the limit. Like all other agencies, KHPA was asked to tighten its belt this year. While the legislature and governor have fully funded the expected Medicaid "caseloads" – the direct cost of providing health care services – there were significant cuts to the agency's "operating budget," which includes salaries and wages for the people needed to manage the program. KHPA is currently holding 28 staff positions vacant. We have also made significant reductions in contracts that are central to administering Medicaid. Additional cuts included in the FY 2010 budget will bring about even more staff cuts and contract reductions.

As a result, KHPA now has a backlog of roughly 11,000 unprocessed applications for medical assistance. Many of these are from working families where a breadwinner has just lost their job and their employer-sponsored health insurance. Without additional resources, we expect this problem to get worse as more Kansans lose their health coverage, and as the expansion of SCHIP takes effect. Although the cuts will affect all of the state's programs, it will specifically affect Medicaid and could put at real risk our compliance with Medicaid rules and the terms of agreement that come with the increased federal match. KHPA believes the Medicaid stimulus money should primarily be used to keep Medicaid running as efficiently as possible to prevent any repercussions from the federal government and what is left should be used to remediate other state budget deficits.

Fortunately, there is hope on the horizon. The federal Centers for Medicare and Medicaid Services (CMS) has

announced that because of the state's rising jobless rate, Kansas now qualifies for additional Medicaid stimulus funding. This will allow Kansas to draw down additional federal funding for the Medicaid program, an

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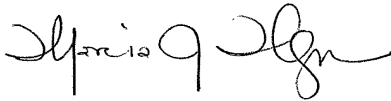
additional 2 percent in the federal matching rate.

When the legislature returns for the Omnibus session April 29, KHPA is requesting a restoration of administrative funding for Omnibus (\$948,000) to allow this agency to keep up with the rapidly growing workload. Those funds would be used to prevent layoffs and hire additional staff. Some would also be used to enhance contracts for the clearinghouse operation, which processes applications and screens them for eligibility, as well as the fiscal agent which processes claims and distributes claims to medical providers.

We believe this is a modest request that will ensure Medicaid and SCHIP remain viable during this time of historic economic uncertainty.

Thank you again for all your work in the legislature. I look forward to discussing this proposal with you in further detail in the days and weeks ahead.

Regards,

A handwritten signature in black ink, appearing to read "Marcia J. Nielsen". The signature is fluid and cursive, with the first name "Marcia" being more prominent.

Marcia J Nielsen, PhD, MPH  
Executive Director